Delay in offloading of shares by LIC

336. SHRI RAJNATH SINGH: Will the Minister of FINANCE be pleased to refer to answer to Unstarred question 3565 given in the Rajya Sabha on 8th May, 2007 and state:

(a) the reasons for delay in offloading of shares of companies by LIC where the offer price has been found acceptable;.

(b) the loss incurred by LIC due to this delay as sensex has zoomed up and timely disinvestment could have resulted in more then trebling the amount realized;

(c) what action is envisaged against LIC for this delay;

(d) whether the proposal submitted by Chandrika Traders Ltd. with respect to Oswal Agro Mills has been found acceptable; and

(e) if not, the reasons therefor and details for rejecting the proposal; and inordinate delay in this disinvestment?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) Life Insurance Corporation of India (LIC) has reported that its internal Committee of Officers, constituted for considering the offers received by the Corporation for sale of its equity stake in illiquid/unlisted companies, has not so far found the offer prices acceptable and, as such, there is no delay on the part of LIC in offloading of shares.

(b) and (c) LIC has reported that since these illiquid/unlisted companies are not actively traded on the Stock Exchanges, the upward movement in Sensex has no impact on the prices of shares of these companies. As such, no loss has been suffered by the LIC in this regard.

(d) and (e) LIC has reported that it received 3 offers with regard to Oswal Agro Mills and the offer of Chankdrika Traders Ltd. being the lowest was not found acceptable by its internal Committee of Officers. LIC has further reported that since Oswal Agro Mills has decided to enter into high growth business segment like real estate development, paper chemicals and petroleum, etc., there is a possibility of realizing higher price at a later stage. Moreover, the Company is making efforts to get the equity shares relisted on the Bombay Stock Exchange/National Stock Exchange for resuming the trading of shares and in which case there would be better prospects for realising a higher price.

Check on increase in floating home loan rates

337. SHRI MANOHAR JOSHI: Will the Minister of FINANCE be pleased to state:

(a) whether Government have raised interest rates on floating Housing Loans from 9 percent last year to 11-12 percent this year resorting to raising EMIs, Home Loan borrowers are being forced to clear part of dues to keep EMI under check;

(b) if so, what are the reasons for raising interest rates on floating home loan so quickly; and

(c) whether Government intends to introduce somemechanism to keep a check on such frequent increases in floating home loan?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) to (c) With effect from October 18, 1994, RBI has deregulated the interest rates on advances above Rs. 2 lakh and the rates of interest on such advances are determined by the banks themselves with the approval, of their Boards. Banks have been advised to fix their Benchmark Prime Lending Rate (BPLR) after taking into account cost of funds, transaction cost, risk factor, margin and other overhead expenses.

Refinancing of poor rural banks

†338. SHRI UDAY PRATAP SINGH: Will the Minister of FINANCE be pleased to state:

(a) whether Government are considering for refinancing the financially poor rural banks; and

(b) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) and (b) National Bank for Agriculture and Rural Development (NABARD) divides Regional Rural Banks (RRBs) into categories based on certain criteria. The quantum of refinance for each category is decided by them based on the financial health of the RRB and the banks realistic lending programme acceptable to NABARD.

Irregularities in purchase of stationery items

339. SHRI MOTIUR RAHMAN: Will the Minister of FINANCE be pleased to state:

(a) whether different departments of his Ministry are not following the provisions of General Financing Rules and other instructions on the purchase of stationery etc.;

(b) if so, the details of the irregularities brought out by the MPs and the CAG in the recent past and what action has been taken thereon; and.

(c) what steps has his Ministry taken to ensure that public money is not squandered alongwith details?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) Stationery and other items are purchased by different Departments of the Ministry as per the power delegated under Delegation of Financial Power Rules (DFPRs). While exercising such powers, Departments are required to follow the provisions of General Financial Rules (GFRs) and other relevant instructions.

(b) If any matter related with violation of provisions of General Financial Rules is brought to the notice by Hon'ble Members of Parliament (MPs) and/or Comptroller and Auditor General of India (C&AG), replies/Action Taken Notes are furnished as the case may be. In the recent past, C&AG has conducted performance audit of internal control in selected Central Ministries, including Ministry of Finance. This is

†Original notice of the question was received in Hindi.